



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-6163-N-01]

### Mortgagee Review Board: Administrative Actions

**AGENCY:** Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (“HUD”).

**ACTION:** Notice.

**SUMMARY:** In compliance with Section 202(c)(5) of the National Housing Act, this notice advises of the cause and description of administrative actions taken by HUD’s Mortgagee Review Board against HUD-approved mortgagees.

**FOR FURTHER INFORMATION, CONTACT:** Nancy A. Murray, Secretary to the Mortgagee Review Board, 451 Seventh Street SW, Room B-133/3150, Washington, DC, 20410-8000; telephone (202) 708-2224 (this is not a toll-free number). Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Service at (800) 877-8339.

**SUPPLEMENTARY INFORMATION:** Section 202(c)(5) of the National Housing Act (12 U.S.C. § 1708(c)(5)) requires that HUD “publish a description of and the cause for administrative action against a HUD-approved mortgagee” by HUD’s Mortgagee Review Board (“Board”). In compliance with the requirements of Section 202(c)(5), this notice advises of actions that have been taken by the Board in its meetings from October 1, 2017 to November 14, 2018.

#### **I. Civil Money Penalties, Withdrawals of FHA Approval, Suspensions, Probations, and Reprimands.**

1. *American Eagle Mortgage Company, LLC Lorain, Ohio [Docket No. 17-*

1859]

*Action:* On October 27, 2017, the Board voted to accept a settlement agreement with American Eagle Mortgage Company, LLC (“American Eagle”) that required American Eagle to pay a civil money penalty in the amount of \$11,650 and to refrain from making any claim for insurance benefits and/or indemnify FHA for all losses associated with one FHA insured loan. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: American Eagle failed to (a) calculate properly the maximum mortgage amount for a mortgage loan submitted for endorsement; (b) pay upfront mortgage insurance premiums to HUD for forty-seven FHA insurance mortgages within ten days of closing or the disbursement date; and (c) remit timely periodic mortgage insurance premiums to HUD or notify HUD within fifteen calendar days of the termination of the contract of mortgage insurance or of the sale of the mortgage loan for fourteen FHA insured loans.

2. *American Financial Network, Inc., Brea, CA [Docket No. 17-1833-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with American Financial Network, Inc. (“AFN”) that required AFN to pay a civil money penalty in the amount of \$282,000 and to refrain from making any claim for insurance benefits and/or indemnify FHA for all losses associated with thirty-three FHA insured loans. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: AFN (a) employed an excluded party as a branch manager contemporaneous with that branch manager being subject to a five-year debarment; (b) failed to timely notify FHA both of a June 21, 2016 settlement with and imposition of sanctions by the Commonwealth of Virginia, State Corporation Commission, Commissioner of Financial Institutions and of a June 21, 2016 settlement with and imposition of sanctions by the Ohio Department of Commerce, Division of Financial Institutions, Consumer Finance Section in June 21, 2016; and (c) falsely certified to HUD that 33 loans originated during the period of the debarred branch manager's employment were eligible for FHA insurance.

3. *Bank34, Alamogordo, NM [Docket No. 17-1843-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Bank34 that required Bank34 to pay a civil money penalty in the amount of \$8,500 and to refrain from making any claim for insurance benefits and/or indemnify FHA for all losses associated with one FHA insured loan. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Bank34 (a) failed to comply with a "case warning" prior to endorsing a loan for FHA insurance; and (b) fraudulently misrepresented that a loan had been manually underwritten by Bank34 when such underwriting was a condition for endorsement.

4. *Berkshire Bank, Pittsfield, MA [Docket No. 17-1894-MRT]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Berkshire Bank (“Berkshire”) that required Berkshire to pay a civil money penalty in the amount of \$28,559. Contemporaneous with this action, the Board voted to withdraw for one year the FHA approval of First Choice Bank (“First Choice”), for which Berkshire was a successor-in-interest. The settlements did not constitute admissions of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: (a) On December 2, 2016, First Choice merged into Berkshire; however, both Berkshire and First Choice failed to notify FHA timely of the merger between the entities; and (b) in October 2017, Berkshire acquired, an entity that was not FHA approved, and Berkshire failed to notify FHA timely of the merger between the entities.

5. *CrossCountry Mortgage, Inc., Brecksville, OH [Docket No. 17-1844-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with CrossCountry Mortgage, Inc. (“CrossCountry”) that required CrossCountry to pay a civil money penalty in the amount of \$71,904. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: (a) CrossCountry failed to notify FHA timely of both a March 25, 2013 consent order with and imposition of sanctions by the Commonwealth of Kentucky and an October 21, 2013 settlement agreement with and imposition of sanctions by the State of Division of Financial Institutions for the Ohio Department of Commerce; (b)

CrossCountry submitted a false certification for fiscal year ended December 31, 2013; (c) CrossCountry failed to notify FHA timely of unresolved findings during fiscal year ended December 31, 2014; (d) CrossCountry submitted a false certification for fiscal year ended December 31, 2014; (e) CrossCountry failed to notify FHA timely of a January 14, 2015 Consent Order with and imposition of sanctions by the Commonwealth of Massachusetts; (f) CrossCountry submitted a false certification for fiscal year ended December 31, 2015; (g) CrossCountry failed to notify FHA timely of an October 26, 2016 Consent Order with and impositions of sanctions by the State of California Department of Business Oversight; (h) CrossCountry submitted a false certification for the fiscal year ending on December 31, 2016; and (i) CrossCountry failed to notify FHA timely of a February 6, 2017 Cease and Desist Order with and imposition of sanctions by the State of Oregon, Division of Financial Regulation.

6. *Finance of America Mortgage, LLC, Horsham, PA [Docket No.17-1845-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Finance of America Mortgage, LLC (“Finance of America”) that required Finance of America to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Finance of America failed to notify FHA timely of an October 10, 2016 consent order with and imposition of sanctions by the Commonwealth of Kentucky Department of Financial

Institutions.

7. *Finance of America Mortgage, LLC, Horsham, PA [16-cv-750 (N.D.N.Y.)]*

*Action:* On September 28, 2018, the Board voted to accept a settlement agreement between the United States and Finance of America in which Finance of America paid the United States \$14.5 million. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following alleged violations of HUD/FHA requirements: the fraudulent submission of ineligible loans for FHA insurance and the failure to comply with FHA quality control and self-reporting requirements.

8. *Frandsen Bank and Trust, New Ulm, MN [Docket No. 17-1855-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Frandsen Bank and Trust (“Frandsen”) that required Frandsen to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Frandsen failed to notify FHA timely of its March 31, 2016 merger with another lender.

9. *Freedom Mortgage Corporation, Mount Laurel, NJ [Docket No. 17-1851-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Freedom Mortgage Corporation (“Freedom”) that required Freedom to pay a civil money penalty in the amount of \$40,000. The settlement did not

constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: (a) Freedom failed to notify FHA timely of both an August 15, 2015 Consent Order with and imposition of sanctions by the State of Oklahoma Department of Consumer Credit and a September 23, 2015 Cease and Desist Order with and imposition of sanctions by the Texas Department of Savings and Mortgage Lending; (b) Freedom violated lender approval and annual recertification requirements in 2016 by falsely certifying that it had not been sanctioned; and (c) Freedom failed to notify FHA timely of a January 26, 2016 Settlement Order with and the imposition of sanctions by the Commonwealth of Virginia Bureau of Financial Institutions, a March 5, 2016 agreement with and imposition of sanctions by the State of Tennessee Department of Financial Institutions, an April 15, 2016 settlement with and the imposition of sanctions by the U.S. Department of Justice, and a July 26, 2016 settlement agreement with and imposition of sanctions by the State of Ohio Department of Commerce.

10. *Golden Empire Mortgage, Inc., Bakersfield, CA [Docket No. 17-1847-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Golden Empire Mortgage, Inc. (“GEM”) that required GEM to pay a civil money penalty in the amount of \$8,500. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: GEM failed to notify FHA timely

that it entered into a February 16, 2016 letter agreement with the State of Hawaii Division of Financial Institutions.

11. *IberiaBank FSD, Lafayette, LA [Docket No. 15-1903-MR]*

*Action:* On October 27, 2017, the Board voted to accept a settlement agreement between the United States and Iberia Bank FSD (“IberiaBank”) in which IberiaBank paid the United States \$11,692,149. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following alleged violations of HUD/FHA requirements: the fraudulent submission of ineligible loans for FHA insurance, the failure to comply with FHA quality control and self-reporting requirements, and prohibited commission payments to underwriters.

12. *Liberty Home Equity Solutions, Inc, Rancho Cordova, CA [Docket No. 17-1856-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Liberty Home Equity Solutions, Inc. (“Liberty”) that required Liberty to pay a civil money penalty in the amount of \$4,500. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Liberty failed to notify FHA timely of an August 11, 2016 Agreed Order with and imposition of sanctions by the Department of Financial Institutions of the Commonwealth of Kentucky.

13. *Movement Mortgage, LLC, Virginia Beach, VA [Docket No. 17-1832-MR]*

*Action:* On August 15, 2018, the Board voted to accept a settlement agreement



with Movement Mortgage, LLC (“Movement”) that required Movement to pay a civil money penalty in the amount of \$299,750 and to refrain from making any claim for insurance benefits and/or indemnify FHA for all losses associated with eighteen FHA insured loans. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Movement failed to (a) obtain necessary documentation for source and adequacy of borrower funds; (b) identify and resolve discrepancies and/or irregularities in the documentation used to approve a loan; (c) consider all of a borrower’s liabilities and potential liabilities during underwriting; (d) document adequately a borrower’s income and stability of income; (e) ensure that the subject property met the Minimum Property Requirements or Standards; (f) ensure that the property was the borrower’s principal residence; (g) ensure the borrower’s eligibility for an FHA insured loan; (h) ensure that documents used to underwrite the loan were dated not in excess of 120 days; (i) comply with HUD Quality Control requirements; and (j) report to HUD material findings revealed to Movement during its Quality Control review.

14. *Seckel Capital LLC, Newtown, PA [Docket No. 17-1986-MR]*

*Action:* On April 26, 2018, the Board authorized the filing of civil money penalty complaint and the permanent withdrawal of Seckel Capital LLC’s (“Seckel”) FHA approval.

*Cause:* The Board took this action based on the following violations of

HUD/FHA requirements alleged by HUD: Seckel (a) violated HUD requirements by submitting fraudulent audited financial statements for fiscal year 2012; (b) violated HUD requirements by submitting fraudulent audited financial statements for fiscal year 2013; (c) violated HUD requirements by submitting a false certification for fiscal year 2013; (d) violated HUD requirements by submitting fraudulent audited financial statements for fiscal year 2014; (e) violated HUD requirements by submitting a false certification for fiscal year 2014; (f) violated HUD requirements by submitting fraudulent Audit Financial Statements for fiscal year 2015; (g) violated HUD requirements by submitting a false certification to HUD for fiscal year 2015; (h) violated HUD's requirements by failing to remit the Upfront Mortgage Insurance Premiums for 83 FHA insured loans within ten calendar days from 2015 through 2017; (i) allowing an employee to engage in dual employment without determining that such dual employment did not create a prohibited conflict of interest and failing to designate as the officer in charge a full-time corporate officer; and (j) submitting 1,040 FHA loans for insurance that were not eligible for FHA insurance.

15. *Secure One Capital Corporation, d/b/a The Lending Leader Newport Beach, Ca [Docket No. 17-1837-MR]*

*Action:* On August 15, 2018, the Board voted to accept a settlement agreement with Secure One Capital Corporation ("Secure") that required Secure to pay a civil money penalty in the amount of \$27,436. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: Secure (1) violated the underwriting guidelines for FHA insured refinance mortgage by failing to (a) obtain and retain in the case binder AUS Feedback Certificate; (b) document properly a satisfactory payment history for the borrower's existing mortgage; (c) include the initial URLA and 92900-A in the case binder; and (d) ensure that the subject property met HUD's minimum property requirements; and (2) (a) failed to maintain a minimum adjusted net worth in fiscal year 2016, (b) failed to notify HUD timely of any adjusted net worth deficiency during fiscal year 2016, (c) falsely certified that it was in compliance with all requirements for fiscal year 2016 when it filed for its annual recertification of FHA approval.

16. *Specialized Loan Servicing, L.L.C., Highlands Ranch, CO [Docket No. 17-0849-MR]*

*Action:* On April 26, 2018, the Board voted to accept a settlement agreement with Specialized Loan Servicing, L.L.C. ("SLS") that required SLS to pay a civil money penalty in the amount of \$13,000. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violations of HUD/FHA requirements alleged by HUD: SLS failed to notify FHA timely of (a) a November 5, 2015 Settlement Agreement with and the imposition of sanctions by the State of Michigan Department of Insurance and Financial Services; and (b) a March 21, 2016 Settlement Agreement with and

imposition of sanctions by the State of Hawaii Division of Financial Institutions.

17. *Vinson Mortgage Services, Inc., St. Louis, MO [Docket No. 17-0849-MR]*

*Action:* On March 15, 2016, the Board issued a Notice of Administrative Action through which it involuntarily withdrew for one-year the FHA approval of Vinson Mortgage Services, Inc. (“Vinson Mortgage”). On January 9, 2018, through an Order on Secretarial Review, HUD affirmed the Board’s one-year involuntary withdrawal of Vinson Mortgage. Vinson Mortgage’s subsequent challenge in Federal court of its withdrawal ended with a November 2018 settlement agreement in which Vinson Mortgage agreed to a two-year withdrawal of its FHA approval and to a civil money penalty payment of \$100,000. The settlement did not constitute an admission of liability or fault.

*Cause:* The Board took this action based on the following violation of HUD/FHA requirements alleged by HUD: Vinson Mortgage failed to meet the requirements for annual recertification of HUD/FHA approval.

**II. Lenders that Failed to Timely Meet Requirements for Annual Recertification of HUD/FHA Approval but Came into Compliance.**

*Action:* The Board entered into settlement agreements with the following lenders, which required the lender to pay a civil money penalty without admitting fault or liability.

*Cause:* The Board took these actions based upon allegations that the listed lenders failed to comply with HUD’s annual recertification requirements in a timely manner.

1. American Lending, Costa Mesa, CA, (\$4,500) *[Docket No. 17-1901-MRT]*

2. American Mortgage Company, North Platte, NE (\$4,500) [*Docket No. 17-1877-MRT*]
3. Bank of the Rockies N.A., White Sulphur Spring, MT (\$4,500) [*Docket No. 17-1887-MRT*]
4. Citizens Trust Bank, Atlanta, GA (\$9,468) [*Docket No. 17-1981-MRT*]
5. Columbia Bank, Lake City, FL (\$4,500) [*Docket No. 17-1921-MRT*]
6. Cross River Bank, Teaneck, NJ (\$9,468) [*Docket No. 17-1909-MRT*]
7. Denali Federal Credit Union, Anchorage, AK (\$4,500) [*Docket No. 17-1984-MRT*]
8. First Commerce Credit Union, Tallahassee, FL (\$4,500) [*Docket No. 17-1721-MRT*]
9. FirstCity Bank of Commerce, Palm Beach Gardens, FL (\$9,623) [*Docket No. 18-1838-MRT*]
10. Home Federal Savings and Loan, Grand Island, NE (\$4,500) [*Docket No. 17-2004-MRT*]
11. Legends Bank, Clarksville, TN (\$9,468) [*Docket No. 17-1910-MRT*]
12. LenderLive Network, LLC, Denver, CO (\$4,500) [*Docket No. 17-1977-MRT*]
13. Lyons Federal Bank, Lyons, KS (\$4,500) [*Docket No. 17-1730-MRT*]
14. Midwest Regional Bank, Festus, MO (\$4,500) [*Docket No. 17-1874-MRT*]
15. Pinnacle Federal Credit Union, Edison, NJ (\$4,500) [*Docket No. 17-1978-MRT*]
16. Prime Mortgage Lending Inc., Apex, NC (\$4,500) [*Docket No. 17-1897-MRT*]
17. Progressive National Bank of De Soto, Mansfield, LA (\$4,500) [*Docket No. 17-1892-MRT*]
18. Service First Federal Credit Union, Sioux Falls, SD (\$4,500) [*Docket No. 17-1719-MRT*]

19. SouthStar Bank, Moulton, TX (\$4,500) [*Docket No. 17-1867-MRT*]
20. Thompson Kane & Company, LLC, Madison, WI (\$4,500) [*Docket No. 17-1888-MRT*]
21. US Home Capital LLC, East Brunswick, NJ (\$9,468) [*Docket No. 17-1879-MRT*]
22. Waterford Bank NA, Toledo, OH (\$4,500) [*Docket No. 17-1905-MRT*]
23. Wendover Financial Services, Greensboro, NC (\$9,648) [*Docket No. 17-1854-MRT*]
24. Western National Bank Cass Lake, Cass Lake, MN (\$4,500) [*Docket No. 17-1920-MRT*]

### **III. Lenders that Failed to Meet Requirements for Annual Recertification of HUD/FHA Approval.**

*Action:* The Board voted to withdraw the FHA approval of each of the lenders listed below for a period of one (1) year.

*Cause:* The Board took this action based upon allegations that the lenders listed below were not in compliance with HUD's annual recertification requirements.

1. Full Access Mortgage Inc., La Vista, NE [*Docket No. 18-1865-MRT*]
2. Guaranty Bank FSB, Brown Deer, WI [*Docket No. 19-1903-MRT*]
3. Key Mortgage Company Inc., Columbia, KY [*Docket No. 17-1882-MRT*]
4. Mortgage Enterprise LTD, Carle Place, NY [*Docket No. 19-1904 -MRT*]
5. Proficio Bank, Cottonwood Heights, UT [*Docket No. 19-1905-MRT*]

6. Ukranian Selfreliance Federal Credit Union, Philadelphia, PA [*Docket No. 19-1906-MRT*]
7. Urban Fulfillment Services, LLC., Highlands Ranch, CO [*Docket No. 19-1907-MRT*]

Dated: April 18, 2019.

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Brian Montgomery,  
Assistant Secretary  
for Housing/FHA Commissioner,  
Chairman, Mortgagee Review Board.

Billing Code: 4210-67

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